

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7246

BILL NUMBER: SB 563

NOTE PREPARED: Apr 26, 2013

BILL AMENDED: Apr 25, 2013

SUBJECT: Various Motor Vehicle Issues.

FIRST AUTHOR: Sen. Arnold J

FIRST SPONSOR: Rep. Soliday

BILL STATUS: Enrolled

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- (1) Amends various provisions concerning certificates of title and registrations for motor vehicles and watercraft.
- (2) Relocates chapter concerning special identification numbers.
- (3) Amends various provisions concerning license plates.
- (4) Exempts recipients of Purple Heart license plates from parking fees and fines.
- (5) Amends various provisions relating to abandoned vehicles and mobile homes.
- (6) Provides that a motor vehicle that is at least 25 years old is not required to have a catalytic converter installed as equipment on the motor vehicle unless a catalytic converter on the motor vehicle is required by certain rules relating to air quality.
- (7) Makes conforming amendments and technical corrections.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary:* By requiring that personalized license plates (PLPs) be issued on the same five-year cycle as other license plates, this bill could result in 3M and PEN PRODUCTS cost savings of \$806,000 between FY 2014 and FY 2018, which would be passed on to the state.

The bill also (1) codifies current practices of the Bureau of Motor Vehicles (BMV), (2) repeals a license plate that is no longer issued by the BMV, and (3) makes other changes that are not expected to have a fiscal impact on the BMV.

The bill does allow an individual to request a motorcycle license plate for the Support Our Troops, Abraham Lincoln, and Gold Star Family license plates. This provision could increase state expenditures to produce three new motorcycle license plates, which are expected to be offset by registration fees paid by requesting individuals.

Additional Information:

PEN PRODUCTS charges the BMV \$2.70 for a motorcycle plate. By allowing the BMV to offer additional options for motorcycle plates, this bill could increase BMV expenditures. As a result of this bill, if there is an increase in demand for these three license plates by offering them for motorcycles, any increase in demand could be offset by decreases in requests for currently existing motorcycle plates.

Changes to Personalized License Plates: The BMV reports that between FY 2007 and FY 2011, approximately 223,000 PLPs were issued (both renewals and new requests for PLPs), or an average of 44,500 per year.

License plates vary in their production costs. As reported by PEN PRODUCTS, the manufacturing arm of prison-made products, the BMV is charged anywhere from \$2.70 (motorcycle plate) to \$3.67 (multi-color regular license plate) per plate requested. The BMV provided data on the numbers of PLPs issued per year between FY 2007 and FY 2011 by plate cost. As a result of this bill, plate costs are expected to decrease by \$628,000 between FY 2014 and FY 2018.

In addition, the cost savings noted above only account for the plate production costs. The BMV reports the changes in the bill will also decrease the costs to 3M (the contracted provider of license plates) to process, package, and mail license plates. Assuming the cost to process, package, and mail license plates is approximately \$1 per plate, this bill is expected to decrease 3M expenditures by approximately \$178,000 between FY 2013 and FY 2017.

Dealer Designee License Plate: Under the bill, the BMV would be authorized to issue dealer designee license plates instead of new and used motor vehicle dealer plates. The BMV reports they have already been issuing dealer designee plates and collecting all associated plate fees (including motor vehicle excise tax) from requesting individuals. This provision is expected to have no fiscal impact.

Explanation of State Revenues: *Summary:* This bill could (1) increase demand for Purple Heart license plates, (2) increase revenue deposited in the Indiana State Museum Foundation Trust Fund and the Military Family Relief Fund, and (3) increase revenue collected from Class C infraction and Class B misdemeanor judgments. Changes in revenue are indeterminable.

Additional Information:

Motorcycle License Plates: Under the bill, the Abraham Lincoln, Gold Star Family, and Support Our Troops license plates can be offered for motorcycles. If this bill increases the number of requests for the Abraham Lincoln and the Support Our Troops license plates, revenue collected from group fees could increase for the Indiana State Museum Foundation Trust Fund and the Military Family Relief Fund, respectively. The group fee for the Abraham Lincoln license plate is \$25 and for the Support Our Troops license plate is \$20. No group

fees are collected for the Gold Star Family license plate.

Of the three plates, only the Abraham Lincoln license plate collects a \$15 administrative fee. [For information on how revenue from administrative fees is distributed, please see *Special Group Administrative Fees*, below.] If this bill increases requests for Abraham Lincoln license plates, state revenue from administrative fees could increase.

The bill also specifies the Hoosier Veteran license plate can be offered for motorcycles. Currently, the Hoosier Veteran license plate is being offered as an armed services branch-specific license plate (i.e., Army, Navy, Air Force, Marines, Coast Guard, and Merchant Marine) and is currently available for motorcycles. Allowing the Hoosier Veteran license plate to be offered for motorcycles is expected to have no impact.

Purple Heart License Plate: This bill could create an incentive for any Purple Heart recipient who currently maintains another license plate to request a Purple Heart license plate to avoid paying parking fees and fines. The potential fiscal impact to the state would depend on whether the BMV collects administrative fees for the license plate an individual replaces with a Purple Heart license plate.

According to the BMV, there were approximately 6,100 Purple Heart license plates issued or renewed in FY 2012.

Because there are no administrative fees collected for the issuance of the Purple Heart license plate and other armed services branch-specific license plates, any shift in demand between an armed services branch-specific license plate and a Purple Heart license plate is expected to have no fiscal impact. However, to the extent a Purple Heart recipient currently holds another special group license plate where administrative fees are collected and the individual switches to a Purple Heart plate, state revenue could decrease. The potential decrease in state revenue is indeterminable, but is expected to be small.

Special Group Administrative Fees: Currently, the BMV charges \$40 in administrative fees per specialty group license plate. Of the \$40, \$25 is forwarded to a trust fund for the special group and the remaining \$15 is withheld by the BMV. Of the \$15 withheld by the BMV, \$5 is used for purposes of administering the special group license plate program, \$9 is deposited in the State License Branch Fund, and \$1 is deposited in the Crossroads 2000 Fund.

Penalty Provision: The bill does the following with regard to criminal and civil penalties:

- (1) Specifies that a motor vehicle that is at least 25 years old is not required to have a catalytic converter unless otherwise required by rules adopted for motor vehicle emission control.
- (2) Adds language governing requirements for dealers and manufacturers with regard to issuing dealer designee license plates.

The offense described above regarding catalytic converters is punishable as a Class C infraction. By exempting motor vehicles that were manufactured at least 25 years ago from the catalytic converter requirement, this provision could decrease the number of Class C infraction convictions in the state. The maximum judgment for a Class C infraction is \$500, which is deposited in the state General Fund. However, any change in revenue is likely to be small.

Violation of the added requirements regarding the issuance of dealer designee license plates would be

punishable as a Class B misdemeanor (IC 9-18-27-9). Violators could also be subject to civil penalties in addition to, or in lieu of, a Class B misdemeanor. Under current law (IC 9-18-27-10), violators could be subject to a civil penalty between \$50 and \$1,000 for each day or act of violation. Revenue collected from civil penalties would be deposited in the General Fund.

If there is a change in court cases that occurs and fines collected as a result of this bill, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) could be affected. The maximum fine for a Class B misdemeanor is \$1,000. However, any change in revenue would likely be small.

Explanation of Local Expenditures: This bill is not expected to have a substantial impact on the workload of local governments with regards to parking enforcement. For more information, see *Explanation of Local Revenues*, below.

Penalty Provision: A Class B misdemeanor is punishable by up to 180 days in jail.

Explanation of Local Revenues: *Exemption from Parking Fees and Fines:* Currently, individuals who possess a Disabled Hoosier Veteran or Prisoner of War license plate are exempt from paying parking fees and fines (IC 9-18-17-4 and IC 9-18-18-2). By expanding the same privilege to individuals who possess a Purple Heart license plate, more individuals would become exempt from parking fees and fines. As a result, local governments could lose some parking revenue. The potential decrease in local revenue is indeterminable.

Indianapolis Parking Contract: The bill also could reduce the net revenue received by the city of Indianapolis under its parking meter concession agreement if the city must reimburse the concessionaire for waived parking fees and fines for people who hold a Purple Heart license plate. The city of Indianapolis indicates that the impact is expected to be minimal.

Penalty Provision: If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any change in revenue is likely to be small.

State Agencies Affected: BMV.

Local Agencies Affected: All.

Information Sources: Mark Goodrich, BMV; City of Indianapolis.

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